

- ▲ Approximately 3,000 individuals projected to be eligible for Health Coverage Tax Credit in the State of Connecticut:
  - 2,194 TAA\*
  - 767 PBGC\*\*
- ▲ Connecticut may adopt alternative Health Plan options administratively.
- ▲ Commissioner of Insurance must approve of recommendations from High Risk Pool Administrator.

\* Internal U.S. Department of Labor Report, 2002.

\*\* The PBGC Datebook, 2001.

### **Basic Provisions of the Trade Adjustment Assistance (TAA) Reform Act of 2002**

- ▲ The TAA created a tax credit for the purchase of private health insurance for certain TAA and PBGC eligibles.
- ▲ The credit is equal to 65% of the premium paid by eligible individuals.
- ▲ Eligible individuals may receive **advance payments** of the credit.
- ▲ The remaining 35% of the premium is paid by the eligible individual.
- ▲ The tax credit is available only for “qualified” health insurance.
- ▲ The Department of Treasury is responsible for implementing this credit under its Health Coverage Tax Credit (HCTC) Program.

# HCTC

Federal • State • Private Industry

## Who is Eligible for HCTC?

Over 260,000\*  
Americans Eligible

### Trade Adjustment Assistance Participants (TAA)

- ▲ Individuals receiving a Trade Readjustment Allowance (TRA) *see criteria to meet*
- ▲ Individuals who would receive TRA except they have not exhausted unemployment insurance (UI) benefits
- ▲ Individuals receiving benefits under Alternative Trade Adjustment Assistance (TAA)

### Pension Benefit Guaranty Corporation (PBGC)

- ▲ Receiving PBGC Benefit Payment
- ▲ 55 Years or Older
- ▲ Not Eligible for Medicare

### An eligible individual:

- ▲ Is covered by qualified health insurance
- ▲ Cannot be claimed as dependent on another individual's tax return
- ▲ Does not have other specified coverage, including Medicare
- ▲ Is not in federal prison

\* Approximately 260,000 eligible combined with their qualifying dependents means more than half a million people could benefit from the credit in 2003.

### **Characteristics of the Eligible Population**

- ▲ Projected population eligible for HCTC is approximately 260,000 persons in 2003.
  - About half are displaced workers (TAA)
  - About half receive pensions through PBGC
- ▲ Wide variation by state in both TAA and PBGC eligibles
  - TAA “high impact” in CA, NC, PA, TX, WA (>7000 individuals)
  - PBGC “high impact” in CA, FL, IL, NY, OH, PA (>7000 individuals)
- ▲ Demographics of TAA participants
  - 60% are female
  - 43% between 30-45 years of age
  - 74% are high school graduates or less
  - 17% Hispanic/Latino (up to 50 percent in some states)
- ▲ Total PBGC beneficiaries (55-65 yrs) in 2002 was approximately 72,000

# HCTC Insurance Characteristics

## Forms of Qualified Insurance

### Automatic Options

- ▲ COBRA (Consolidated Omnibus Budget and Reconciliation Act of 1986)
  - COBRA the most likely coverage vehicle in the near term
  - The COBRA legislation and extensive history provide an immediate context for HCTC implementation
- ▲ Spousal Coverage
  - If the employer subsidizes less than 50 percent of the premium
- ▲ Individual Policy
  - If the policy began 30 days prior to separation from employer

### State Alternatives

- ▲ State High-Risk Pool
- ▲ Other State Arrangements
- ▲ State-based COBRA Continuation Coverage
- ▲ State Worker Plan
- ▲ Plan Similar to State Worker Plan
- ▲ Purchasing Pool
- ▲ State Operated Health Insurance Plans

***The state option plan must have:***

- Guaranteed issue: qualifying individuals guaranteed enrollment regardless of their medical status.
- No pre-existing conditions clause: no pre-existing restriction may be imposed on qualifying individuals.
- Non discriminatory premium: premium may not be greater than that for similarly situated person not receiving the credit.
- Same benefits: benefits are the same as those provided by coverage to similarly situated individuals not receiving the credit.